Amendment in FERA

359. SHRI GAYA SINGH:
SHRI N. GIRI PRASAD:

Will the Minister of FINANCE be pleased to state :

(a) whether Government are considering a proposal for amending Foreign Exchange Regulation Act (FERA); and

(b) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b) Major changes in FERA were carried out vide Foreign Exchange Regulation (Amendment) Act, 1993 (29 of 1993). However, a comprehensive review of FERA is currently being undertaken and further changes, if necessary, may also be considered.

Investments by FIIs in Indian Stock Market

360. SHRI SAIFULLA:
DR. Y. LAKSHMI PRASAD

Will the Minister of FINANCE be pleased to state :

(a) whether foreign institutional investors (FIIs) have been allowed to invest in the Indian stock market;

(b) if so, the total amount invested by these FIIs during the year 1994-95 and during the first nine months of 1995-96 respectively in the Indian Stock market;

(c) whether any analysis has been made about the positive and negative effects of these investments; and if so, the details thereof;

(d) whether the foreign institutional investors have become major players which has rendered the role of Indian financial institutions like UTI and LIC ineffectual in serving as regulatory bodies at the sources; and

(e) if so, the action proposed in this regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir.

(b) According to the information made available by the Securities & Exchange Board of India (SEBI), the amount of net investments made by the Foreign Institutional Investors (FIIs) during the financial year 1994-95 and during the first nine months of 1995-96 have been as follows:

	US $ Million
1994-95	1995-96 Upto Dec. 1995
1528.3	1016.8

(c) Participation by international investors increases the depth and credibility of domestic capital markets and enhances the scope for capital mobilisation by Indian Industry. Besides the foreign exchange inflows consequent to FII investments play a facilitating role in management of the country's Balance of Payment situation.

(d) and (e) The all India Financial Institutions continue to play a predominant role as major investors in the Indian Capital markets. As a class of investors FIIs are among the major investors in the Indian capital markets. However, in terms of SKBI regulations. FII investments are limited to a maximum ceiling of 24% of the paid up equity capital of a single Indian company under the portfolio route.

Estimates of capital flight through over-invoicing/under invoicing

361. SHRI NILOTPAL BASU
SHRI DIPANKAR MUKHERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether a global price matrix is used by Government for India's international trade to monitor and detect abnormal price when products enter or leave India;

(b) if so, the Government's estimate of ccapital flight through over-invoicing of import and under-invoicing of export during the last three years; and

(c) if not, whether Government are aware of a report prepared on capital flight from India to USA which estimates capital flight from India to USA alone in 1993 in the range of 1622 million dollar to 4423 million dollar?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) No, Sir.

(b) Government has not made any estimate of capital flight through over-invoicing of import and under-invoicing of export during the